

FAQs FOR BANK INDONESIA REGULATION NO. 13/22/PBI/2011, dated 30 September 2011, CONCERNING WITHDRAWAL OF FOREIGN EXCHANGE FROM EXTERNAL DEBT REPORTING OBLIGATION

Q. What is the underlying reasoning for issuing this Bank Indonesia Regulation?

- A.** One of the issues currently facing Indonesia is exchange rate volatility arising from instability in the supply of foreign currency on the domestic market. The dominance of foreign ownership in portfolio investment has potential to render the Indonesian economy more susceptible to the risk of sudden capital reversal. In order to anticipate and minimise this risk, there needs to be relatively stable continuity in the supply of foreign currency funds.

Foreign currency funds originating from withdrawal of foreign exchange from external debt are envisaged as one alternative for providing a more stable source of funds in comparison to funds from portfolio investments by foreigners.

In view of this, Bank Indonesia deems it necessary to issue a policy requiring foreign exchange from external debt to be withdrawn through Foreign Exchange Banks. To ensure an effective policy for withdrawal of foreign exchange from external debt, Debtors holding External Debt are required to report withdrawal of foreign exchange from external debt to Bank Indonesia.

Q. What are the key regulatory provisions in the Bank Indonesia Regulation?

- A.** The key provisions in the Bank Indonesia Regulation are:
- a. External Debt (ULN) Debtors are required to report each of their drawing of foreign exchange from external debt (DULN) through a Foreign Exchange Bank to Bank Indonesia.
 - b. DULN withdrawal reports shall be submitted to Bank Indonesia on a monthly basis from the 1st day until the 10th day of the subsequent month.
 - c. DULN withdrawal reports must enclose supporting documents.
 - d. DULN withdrawal reports may be submitted online, offline or in hard copy.
 - e. Any DULN reporting party that is late in reporting or fails to submit an DULN withdrawal report and any DULN reporting party that is late in submitting or fails to submit supporting documents to Bank Indonesia shall be liable to administrative sanctions imposed as a financial penalty.
 - f. DULN withdrawal originating from an loan agreement signed before this Bank Indonesia Regulation comes into force is exempted from the requirement for reporting withdrawal of DULN.

Q. What criteria must a reporting party meet in drawing down DULN through a Foreign Exchange Bank?

- A.** The requirement to report withdrawal of DULN through Foreign Exchange Banks applies the following criteria:
- a. DULN withdrawal in cash funds

- b. Accumulated value of withdrawal must be equal to commitment. If the accumulated value of drawn DULN is less than the commitment, the External Debt Debtor must provide a written explanation to Bank Indonesia.

Q. What are the sanctions imposed on a Company if violating these provisions?

A. The imposition of sanctions is as follows:

- a. Any DULN Reporting Party that is late in reporting or fails to submit DULN withdrawal report shall be liable to administrative sanctions as stipulated in the Bank Indonesia regulation governing compulsory reporting of external debt.
- b. Any DULN Reporting Party that is late in submitting supporting documents for DULN withdrawal shall be liable to administrative sanctions imposed as a financial penalty of Rp 100,000.00 (one hundred thousand rupiahs) per day of delay for each DULN reporting party, to a maximum financial penalty of Rp 10,000,000.00 (ten million rupiahs).
- c. Any DULN Reporting Party that fails to submit supporting documents for DULN withdrawal shall be liable to administrative sanctions imposed as a financial penalty of Rp 10,000,000.00 (ten million rupiahs).

Q. When does this Bank Indonesia Regulation come into force?

A. This Bank Indonesia Regulation comes into force on 2 January 2012.

Q. Why do the administrative sanctions imposed as financial penalties not come into force until the June 2012 reports of DULN Withdrawal to be submitted in July 2012?

A. The 6 (six) month deferment of sanctions is intended to allow Bank Indonesia sufficient time to familiarise External Debt reporting parties with the compulsory reporting of DULN withdrawal, most important in regard to report submission deadlines and calculation of administrative sanctions imposed as financial penalties on reporting parties violating the provisions for reporting of DULN withdrawal.

Q. What must External Debt reporting parties pay attention to, following the promulgation of this Bank Indonesia Regulation?

- Q.**
- a. Ensure that the data in DULN withdrawal reports to Bank Indonesia complies with all the applicable provisions in this Bank Indonesia Regulation.
 - b. Withdrawal of DULN through a Foreign Exchange Bank when originating from an loan agreement signed before this Bank Indonesia Regulation comes into force is exempted from the requirement to report withdrawal of DULN.
 - c. This provision does not apply to DULN withdrawal originating from an increase in loan ceiling by virtue of amendment to agreement signed after this Bank Indonesia Regulation comes into force.